

**UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT  
LITTLE SNAKE FIELD OFFICE  
DECISION RECORD**

**EA-NUMBER:** DOI-BLM-CO-N010-2010-0003-EA

**PERMIT/LEASE NUMBER:** COC 74219

**PROJECT NAME:** Wadge Seam Coal Lease by Application

**LEGAL DESCRIPTION:** T. 5 N., R. 87 W. of the 6th PM  
Sec. 22, N $\frac{1}{2}$   
Sec. 22, NW $\frac{1}{4}$ SW $\frac{1}{4}$   
Sec. 21, NE $\frac{1}{4}$ NE $\frac{1}{4}$

**APPLICANT:** Peabody Sage Creek Mining, LLC

**Decision**

It is my decision to offer for lease the Wadge seam (COC-74219), as described in the Environmental Assessment (EA), DOI-BLM-CO-N010-2010-0003-EA, subject to the mitigation measures listed below. This decision makes available 3.2 million tons of coal for recovery in the Wadge seam. The proposed action is to lease 400 acres of federal coal. There will be no direct surface impacts.

**Decision Rationale**

The 3.2 million tons of Sage Creek coal reserves, if leased and approved for mining, would allow the coal mining operator to continue to compete for coal sales in an open, diverse supply and demand market. The Foidel Creek mine has been selling coal in this market for almost 20 years. The Sage Creek mine will replace the Foidel Creek mine. A rejection of offering the lease would not cease currently approved mining operations. If BLM rejected offering the lease, the mine would cease operations only after the current mine reserves were depleted. The inability of the PSCM to sell in the coal market will not cause electric generators to stop burning coal. Utility companies will operate existing coal-burning facilities until either cost or regulatory requirements make them ineffective, or until they are replaced by an alternative electric generator.

The effect of rejecting the Peabody Sage Creek Mining (PSCM) 400 acre LBA would be that the existing mine would cease operations after the current reserves are depleted and the PSCM would not be competitive in the national coal market to meet the future coal demand in the U.S. that is expected to last until at least 2035. Other national coal producers have the capacity to produce coal and replace the production from this existing mine.

Other factors, listed below, were considered in the decision to lease the PSCM 400 acre LBA:

- The BLM coal leasing program encourages the development of domestic coal reserves and the reduction of the United States' dependence on foreign sources of energy. BLM recognizes that the extraction of coal is currently necessary in order to meet the nation's energy needs. A primary goal of the National Energy Policy is to add energy supplies from diverse sources including domestic oil, gas, and coal. Private development of Federal coal reserves is integral to the BLM coal leasing program under the authorities of the Mineral Leasing Act of 1920, the Federal Land Policy and Management Act of 1976 (FLPMA) and the Federal Coal Leasing Amendments Act of 1976 (FCLAA).

- PSCM applied for the PSCM 400 acre LBA to extend the life of the PSCM by acquiring access to a continuing supply of low sulfur compliance coal that will be sold to power plants for generating electricity. Continued leasing of low sulfur, high BTU coal enables coal-fired power plants to meet Clean Air Act requirements without constructing new power plants or revamping existing plants. Generally, the expenses associated with constructing new power plants, retrofitting or revamping existing plants, or substituting alternative fuels would increase energy costs to customers and consumers.

- The leasing and subsequent mining of Federal coal reserves provide the United States, the State of Colorado, and Routt County with income in the form of lease bonus payments, lease royalty payments, and tax payments. Production of Federal coal also provides the public with a supply of cost-efficient, low sulfur coal for power generation.

- The potential for regulation of GHG emissions as an air pollutant is recognized in this decision. Should such regulation be put in place, there may be an effect on coal demand depending on how the regulatory actions affect the demand for electric power and the mix of methods used to produce electricity. Effects to coal demand would be reflected through the coal market, coal pricing, and supply. If demand decreases, it is expected that less efficient coal producers, or those with reserves having less desired coal characteristics, may lose customers. Based on review of past performance, Peabody has competed very well in the national coal market.

I have reviewed the EA (DOI-BLM-CO-N010-2010-0003-EA) including the explanation and resolution of any potentially significant environmental impacts. It is my decision to offer for lease the Wadge seam in the Peabody Sage Creek Mining, LLC 400 acre lease by application. I have determined that the proposed action with the mitigation measures described below will not have any significant impacts on the human environment and that an EIS is not required. I have determined that the proposed project is in conformance with the approved land use plan. It is my decision to implement the project with the mitigation measures identified below.

#### MITIGATION MEASURES:

1. The following standard cultural stipulations apply for this project:

The operator is responsible for informing all persons who are associated with the operations that they will be subject to prosecution for knowingly disturbing historic

or archaeological sites, or for collecting artifacts. If historic or archaeological materials are encountered or uncovered during any project activities, the operator is to immediately stop activities in the immediate vicinity of the find and immediately contact the authorized officer (AO) at (970) 826-5000. Within five working days, the AO will inform the operator as to:

- Whether the materials appear eligible for the National Register of Historic Places;
- The mitigation measures the operator will likely have to undertake before the identified area can be used for project activities again; and
- Pursuant to 43 CFR 10.4(g) (Federal Register Notice, Monday, December 4, 1995, Vol. 60, No. 232) the holder of this authorization must notify the AO, by telephone at (970) 826-5000, and with written confirmation, immediately upon the discovery of human remains, funerary items, sacred objects, or objects of cultural patrimony.
- Further, pursuant to 43 CFR 10.4(c) and (d), you must stop activities in the vicinity of the discovery and protect it for 30 days or until notified to proceed by the authorized officer.

If the operator wishes, at any time, to relocate activities to avoid the expense of mitigation and/or the delays associated with this process, the AO will assume responsibility for whatever recordation and stabilization of the exposed materials may be required. Otherwise, the operator will be responsible for mitigation costs. The AO will provide technical and procedural guidelines for the conduct of mitigation. Upon verification from the AO that the required mitigation has been completed, the operator will then be allowed to resume construction.

Data recovery may be required at 5MF.2737 if the site is determined eligible for the National Register. The site must be reviewed at the mine plan permitting stage to determine if mitigation is required. If appropriate, mitigation will be developed in consultations with SHPO.

Periodic compliance inspections will be performed over the life of this project to insure that all mitigation measures are being implemented as required. The BLM mining engineer will conduct Inspection and Enforcement examinations at least quarterly. The Colorado Division of Reclamation, Mining and Safety conducts monthly surface inspections to ensure permit compliance.

### **Consultation and Coordination**

There are no threatened or endangered species or habitats for such species present within the proposed LBA area; therefore USFWS was not consulted by BLM.

### **Public Involvement**

This project was not scoped; it was listed on the LSFO NEPA log. Earth Justice noted the NEPA

log listing and sent BLM an e-mail requesting review and consideration of their comments to Grand Junction field office's McClane Canyon Mine. Earth Justice also requested that BLM LSFO consider EPA's comments to the Royal Gorge Field Office's New Elk mine EA. The comments concerned GHG and methane emissions. These comments are addressed in this EA. The EA also was available for public comment from June 28 to September 16, 2011. The comment period was published in the Federal Register (Vol. 76, No. 124, June 28, 2011) and in the Craig Daily Press and the Steamboat Pilot and Today Newspapers. The BLM also issued a press release July 7, 2011 announcing the public comment period. A public hearing was held to receive comments on the EA, maximum economic recovery, determination of Fair Market Value, and the method of mining on August 17, 2011. The public hearing was published in the Federal Register and in the Craig Daily Press and the Steamboat Pilot and Today Newspapers. One public comment was received at the hearing. Additional comments were received prior to the close of the comment period. These comments and BLM's responses are tabulated in Appendix A of the EA.

### **Plan Consistency**

Based on information in the EA, the project record, and recommendations from BLM specialists, I conclude that this decision is consistent with the Little Snake RMP/ROD (October, 2011), the Endangered Species Act; the Native American Religious Freedom Act; other cultural resource management laws and regulations; Executive Order 12898 regarding Environmental Justice; and Executive Order 13212 regarding potential adverse impacts to energy development, production, supply and/or distribution.

### **Administrative Remedies**

Administrative remedies may be available to those who believe they will be adversely affected by this decision. Appeals may be made to the Office of Hearings and Appeals, Office of the Secretary, U.S. Department of Interior, Board of Land Appeals (Board) in strict compliance with the regulations in 43 CFR Part 4. Notices of appeal must be filed in this office within 30 days after publication of this decision. If a notice of appeal does not include a statement of reasons, such statement must be filed with this office and the Board within 30 days after the notice of appeal is filed. The notice of appeal and any statement of reasons, written arguments, or briefs must also be served upon the Regional Solicitor, 755 Parfet Street, Suite 151, Lakewood, CO 80215. Appeal and stay procedures are outlined in Form 1842-1.

The effective date of this decision (and the date initiating the appeal period) will be the date this notice of decision is posted on BLM's internet website.

It is my decision to offer for lease the coal in the Peabody Sage Creek Mining, LLC lease by application.

**SIGNATURE OF AUTHORIZED OFFICIAL**

/s/ Timothy J Wilson for  
Wendy Reynolds  
Manager, Little Snake Field Office

April 19, 2012  
Date

Attachments:  
EA and FONSI